

Message Text

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ACTION SS-15

INFO OCT-01 ARA-10 ISO-00 SSO-00 SP-02 L-03 H-01 EB-07
/039 W

-----101725Z 020833 /53

P 101404Z JUN 77
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC PRIORITY 7980

C O N F I D E N T I A L CARACAS 5808

FOR THE SECRETARY FROM AMBASSADOR VAKY

E.O. 11652: GDS
TAGS: ETRD, OPEC, VE, US
SUBJECT: US TRADE LAW AND OPEC EXCLUSIONS

1. I UNDERSTAND THAT NEXT WEEK THERE WILL BE INTER-
DEPARTMENTAL CONSIDERATION OF WHAT POSITION THE
ADMINISTRATION SHOULD TAKE ON THE QUESTION OF AMENDING
THE OPEC EXCLUSIONS IN THE TRADE LAW. I WANTED THEREFORE
TO CALL YOUR ATTENTION TO THE IMPACT OF THIS MATTER ON US-
VENEZUELAN RELATIONS AND ITS RELEVANCE TO THE UPCOMING
STATE VISIT BY PRESIDENT PEREZ THE END OF THIS MONTH,
AS WELL AS TO SUGGEST A PERSPECTIVE TO BE TAKEN INTO
ACCOUNT.

2. THE FIRST ELEMENT IN THE EQUATION IS THAT VENEZUELA'S
EXCLUSION FROM GSP BECAUSE OF ITS OPEC MEMBERSHIP IS DEEPLY
RESENTED AND IS A MAJOR IRRITANT IN OUR RELATIONS.
PRESIDENT PEREZ WILL HIT IT HARD. I WILL NOT BELABOR
THE POINT FOR I KNOW IT HAS BEEN BROUGHT TO YOUR
ATTENTION BEFORE. TO STATE IT IS TO STATE A FACT NOT
TO ENGAGE IN RHETORIC FOR THE PURPOSES OF ADVOCACY.
I RECITE IT HERE MERELY TO ESTABLISH IT AS A BASIC
FACTOR IN THE SETTING.

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3. CONGRESSMAN VANIK HAS PRESENTED A BILL TO INCLUDE
WESTERN HEMISPHERE NATIONS IN GSP. SENATOR BENTZEN
HAS OR HAD A SLIGHTLY BROADER BILL. BUT CONGRESSMAN
VANIK AND OTHERS HAVE ASKED FOR THE ADMINISTRATION'S
POSITION, AND WITHOUT SOME INDICATION OF INTEREST BY
THE EXECUTIVE, CONGRESS IS VERY LIKELY TO LET THE MATTER
SIMPLY DIE IN THE BELIEF IT IS OF NO PARTICULAR INTEREST.

4. THE ADMINISTRATION HAS NOT YET TAKEN A POSITION ON THE OPEC EXCLUSION BECAUSE IT IS DIFFICULT TO TAKE A POSITION WHICH MAKES LOGICAL SENSE, E.G. WHY EXCLUDE THE SAUDIS? WHY INCLUDE WESTERN HEMISPHERE OPEC NATIONS IN GSP AND NOT OTHER NON-EMBARGOERS? I DO NOT QUESTION THE INTRINSIC LOGIC OF THESE QUESTIONS. THE PROBLEM IS SIMPLY THAT THE ONLY POSSIBLE POSITIONS THAT MIGHT MAKE "SENSE", I.E. ELIMINATE THE OPEC EXCLUSION ENTIRELY, OR INCLUDE IN GSP ALL THOSE NATIONS WHICH DID NOT PARTICIPATE IN THE BOYCOTT, CANNOT GET THROUGH THE CONGRESS. THE FIRST FOR OBVIOUS REASONS, AND THE NON-EMBARGOER POSITION BECAUSE IT INCLUDES IRAN AND THEREFORE THE HUMAN RIGHTS QUESTION.

5. THIS ESTIMATE OF THE CONGRESSIONAL TEMPER IS AN EASILY ASCERTAINABLE FACT. IT PUT IT FORWARD AS THE FINDING OF THE VENEZUELAN-AMERICAN CHAMBER OF COMMERCE WHICH COMPLETED A PERSONAL, SYSTEMATIC--AND I BELIEVE ACCURATE--CANVASS OF BOTH HOUSES. IF WE INSIST ON THESE POSITIONS, THEN, WE WILL INSURE NO CONGRESSIONAL ACTION AT ALL, NO MOVEMENT FOR ANYONE.

6. THE ISSUE, THEN, IS WHETHER WE ARE TO TAKE A POSITION FOR THE INTRINSIC SAKE OF ITS PUBLIC RATIONALITY OR LOGIC BUT WHICH HAS NO HOPE OF BEING APPROVED BY CONGRESS, OR GO AHEAD AND GET WHAT WE CAN GET FROM CONGRESS NOW AND SEE WHAT WE CAN DO LATER TO ALIGN THINGS MORE LOGICALLY. DO WE SPURN THE HALF LOAF WE KNOW WE CAN GET BY TRYING TO GET A MORE LOGICAL AND TIDIER WHOLE LOAF THAT
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WE HAVE NO PRACTICAL CHANCE OF GETTING? HOW DO WE TRADE OFF, IN SHORT, THE VALUES OF A PUBLIC POSTURE THAT IS RATIONAL AND LOGICAL BUT WITHOUT HOPE OF LEGISLATIVE APPROVAL, ON THE ONE HAND, AND, ON THE OTHER, GETTING SOME FOREIGN POLICY GAINS FROM LEGISLATION THAT IS POSSIBLE BUT WITHOUT THE NEAT AND LOGICAL POSTURE?

7. I WOULD LIKE TO SUGGEST THAT IN THE LONG RUN THE SEEMINGLY MORE IRRATIONAL COURSE MAY PARADOXICALLY BE IN THE INTEREST OF ALL CONCERNED. IF THE EXECUTIVE SUPPORTS THE VANIK BILL IT WILL SURELY PASS. THE INCLUSION IN GSP OF THE WESTERN HEMISPHERE NATIONS WILL MAKE THE ILLGOIC OF NOT EXTENDING THAT INCLUSION FURTHER SO MANIFEST THAT THE PUSH ON CONGRESS WILL BE MUCH GREATER THAN IT CAN POSSIBLY BE NOW. THE VANIK BILL IN SHORT CAN BE THE POINT OF THE SPEAR THAT GETS US TO OUR TARGET.

8. AS A FINAL COMMENT IT MAY BE ARGUED BY SOME THAT

WE SHOULD NOT SUPPORT THE VANIK BILL BECAUSE IN THE
WAKE OF CIEC WE WOULD APPEAR TO "REWARD" VENEZUELA
WHEN IN FACT ITS STAND ON EXTENDING THE ENERGY TALKS
WAS NOT HELPFUL. BUT IF IN FACT THE IDEA OF THIS
ARGUMENT WOULD BE TO DEMONSTRATE TO VENEZUELA THAT
ITS CONDUCT IN THINGS LIKE CIEC AFFECTS OUR WILLINGNESS
TO COOPERATE GENERALLY, THEN, WE CANNOT PRACTICALLY REALIZE
IT. TO JUST SIT ON OUR HEANDS ON OPEC EXCLUSION AND HOPE
THEY GET THE POINT IS TOO SUBTLE. THEY WILL NOT MAKE THE
CONNECTION AND CONTINUE TO FEEL RESENTFUL. IF WE MAKE
THE CONNECTION EXPLICIT ON THE OTHER HAND WE NOT ONLY WILL
REALLY TOUCH THEIR AMOR PROPE AND AROUSE A DEEP BACK-
LASH BUT THEY WILL NOT BOW TO THE LOGIC EITHER. IN SHORT,
THAT KIND OF LINKAGE WOULD BE COUNTER-PRODUCTIVE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, FOREIGN RELATIONS, PREFERENTIAL TARIFFS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CARACA05808
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770207-1207
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770670/aaaacjko.tel
Line Count: 130
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7701ee7f-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2204587
Secure: OPEN
Status: NATIVE
Subject: US TRADE LAW AND OPEC EXCLUSIONS
TAGS: ETRD, VE, US, OPEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7701ee7f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009